

Swan Hill Rural City Council

Group: large shire

This fact sheet uses graphs and data to examine this council's revenue, expenditure and financial sustainability over recent years. This information is intended to help readers understand the impacts of rate capping, which was introduced in 2016–17 to restrict the amount councils can increase their general rates and municipal charges in each financial year.

You can compare this council's data against its 'group' by looking at the fact sheet for large shires. Further information is available at <http://www.esc.vic.gov.au/outcomes-reports>, including an interactive version of this fact sheet, a reader's guide to help you understand key terms used in this fact sheet, and information about the sector as a whole.

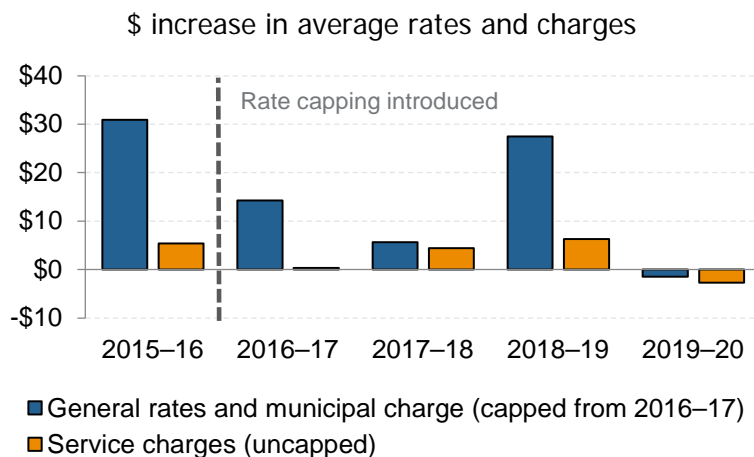


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Key facts	
Population (June 2019):	20,649
Size (km ²):	6,115
Length of local roads (km):	3,481
Population per km of roads:	6
Council employees (FTE, 2019–20):	214
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,238	n/a
2016–17	\$2,253	2.50%
2017–18	\$2,263	2.00%
2018–19	\$2,297	2.25%
2019–20	\$2,293	2.50%

Rates (continued)



See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Have council's average rates complied with the applicable rate caps?

2018–19 (2.25%)	2019–20 (2.50%)	2020–21 (2.00%)
Immaterially non-compliant (0.05 above the cap)	Yes	Yes

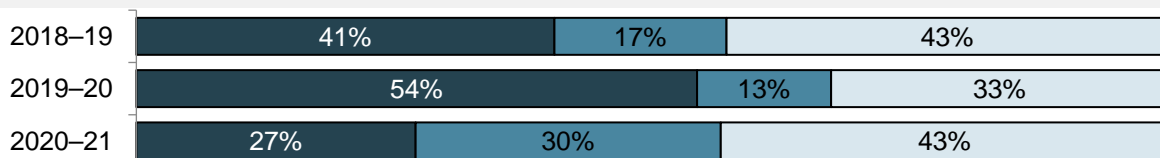
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property) and uses service charges to recover the cost of waste services. More information about council's differential rate categories and charges can be found in council's adopted budget.

Distribution of rates increases and decreases

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less than the applicable cap (or even decreased).



- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	66% of ratepayers	4% of ratepayers	3% of ratepayers	27% of ratepayers
	\$13.0m (46%) of rates and charges revenue in 2019–20	\$2.1m (7%) of rates and charges revenue in 2019–20	\$1.2m (4%) of rates and charges revenue in 2019–20	\$11.9m (42%) of rates and charges revenue in 2019–20
	-0.3% average annual increase between 2015–16 and 2019–20	-2.7% average annual increase between 2015–16 and 2019–20	9.1% average annual increase between 2015–16 and 2019–20	2.0% average annual increase between 2015–16 and 2019–20

Source: Victorian Local Government Grants Commission (unaudited data). Includes both capped and uncapped rates and charges. 'Other' category of property class has been omitted.

Revenue



See the reader's guide for data sources and useful information.
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Where is council's money coming from?

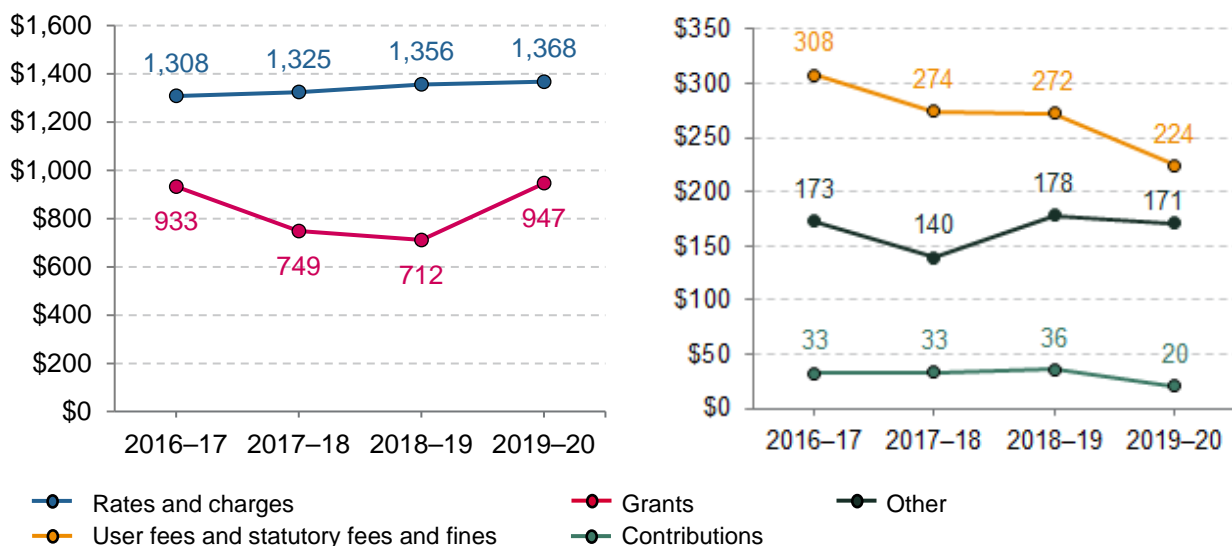
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	27.3	(47%)	27.6	(53%)	28.2	(53%)	28.2	(50%)
User fees and statutory fees and fines	6.4	(11%)	5.7	(11%)	5.6	(11%)	4.6	(8%)
Grants	19.5	(34%)	15.6	(30%)	14.8	(28%)	19.6	(35%)
Contributions	0.7	(1%)	0.7	(1%)	0.8	(1%)	0.4	(1%)
Other	3.6	(6%)	2.9	(6%)	3.7	(7%)	3.5	(6%)
Total	57.6		52.5		53.0		56.4	

In real terms, Swan Hill Rural City Council's total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from grants. Revenue from grants was higher in 2016–17 due to an advance payment of Commonwealth financial assistance grants, and in 2019–20 due to the receipt of additional operating grants (for a council partnership program) and one-off capital grants.

Rates and charges was the largest source of council's revenue, accounting for between 47 and 53 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from rates and charges trended upwards in real terms between 2016–17 and 2019–20, while revenue from user fees and statutory fees and fines trended downwards. Revenue per person from grants decreased in real terms in 2017–18 and 2018–19, before increasing in 2019–20.

Expenditure



See the reader's guide for data sources and useful information.
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How much money is council spending?

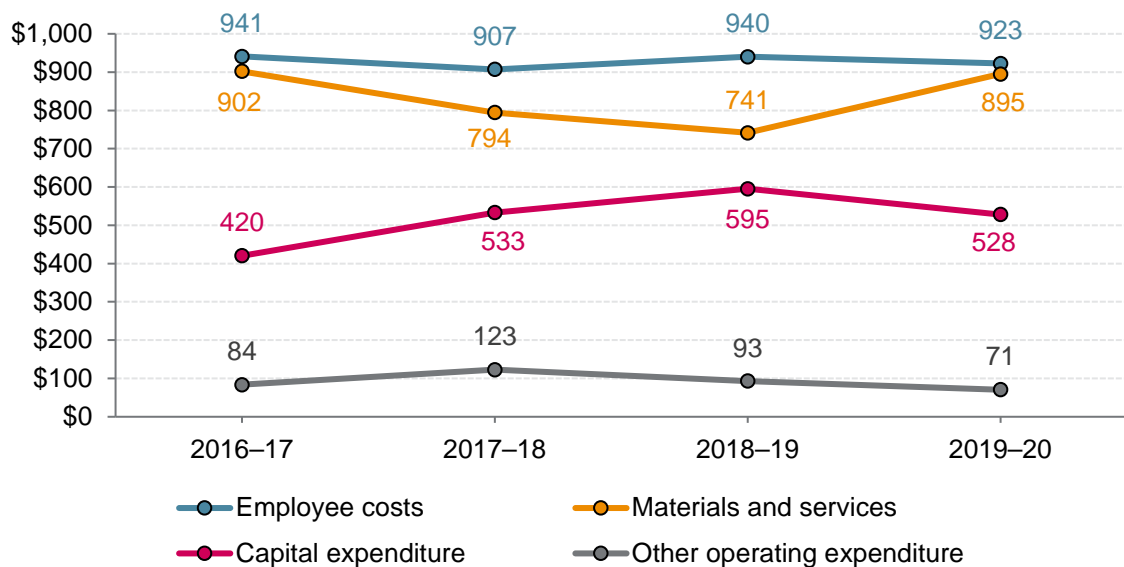
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	40.3 (82%)	38.0 (77%)	36.8 (75%)	39.0 (78%)
Employee costs	19.7 (40%)	18.9 (38%)	19.5 (40%)	19.1 (38%)
Materials and services	18.8 (38%)	16.6 (34%)	15.4 (31%)	18.5 (37%)
Other operating expenditure	1.7 (4%)	2.6 (5%)	1.9 (4%)	1.5 (3%)
Capital expenditure	8.8 (18%)	11.1 (23%)	12.4 (25%)	10.9 (22%)
Total	49.0	49.1	49.2	49.9

In real terms, Swan Hill Rural City Council's total expenditure remained relatively stable between 2016–17 and 2019–20, despite year on year fluctuations in all areas of expenditure.

Employee costs was council's largest area of expenditure, accounting for 39 per cent of total expenditure between 2016–17 and 2019–20.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), employee costs remained relatively stable in real terms between 2016–17 and 2019–20, while expenditure on materials and services dipped in 2018–19. In real terms, capital expenditure per person trended upwards between 2016–17 and 2018–19 before decreasing in 2019–20.



See the reader's guide for data sources and useful information.
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Has council's capital expenditure pattern changed?

Capital expenditure (2019–20 \$m and % of total capital expenditure)

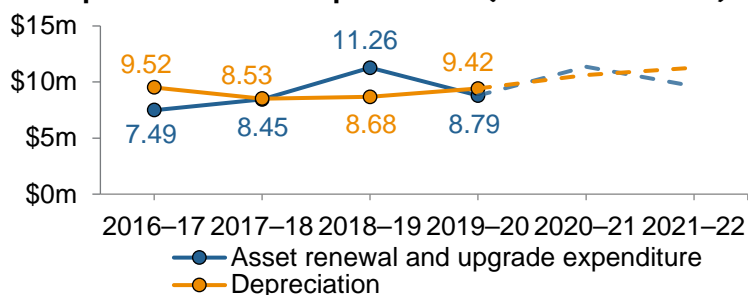
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	7.3	(83%)	7.7	(70%)	10.1	(82%)	7.4	(68%)
Upgrade	0.2	(2%)	0.7	(6%)	1.1	(9%)	1.3	(12%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	1.3	(15%)	2.7	(24%)	1.1	(9%)	2.1	(19%)
Total	8.8		11.1		12.4		10.9	

In real terms, Swan Hill Rural City Council's spending on asset upgrades trended upwards between 2016–17 and 2019–20. There was a spike in council's spending on asset renewal in 2018–19.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 68 to 83 per cent of total capital expenditure).

Is council renewing its assets (such as roads, parks and buildings)?

Council assets: comparing renewal and upgrade expenditure with depreciation (2019-20 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	79%
2017–18	99%
2018–19	130%
2019–20	93%
2020–21	107% (forecast data)
2021–22	85% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended upwards between 2016–17 and 2018–19, before decreasing in 2019–20. This spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use), except in 2018–19 when it increased above 100 per cent of depreciation.

Renewal and upgrade expenditure was forecast to increase above 100 per cent of depreciation in 2020–21, before decreasing back below in 2021–22.

Services



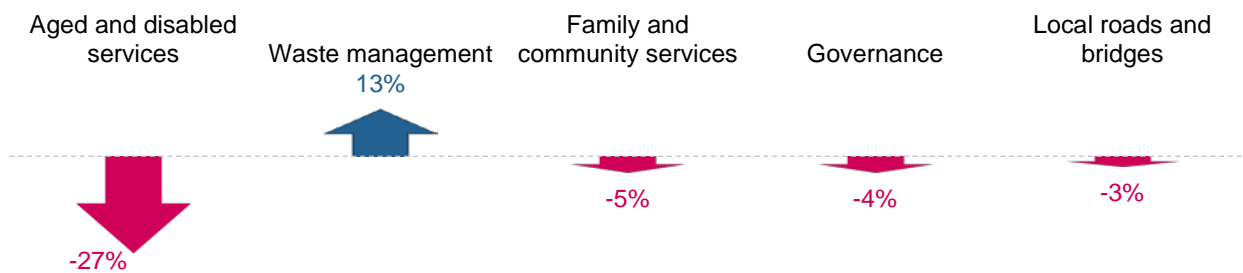
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Which service areas is council spending its money in?

Expenditure by function (2019–20 \$m and % of total services expenditure)

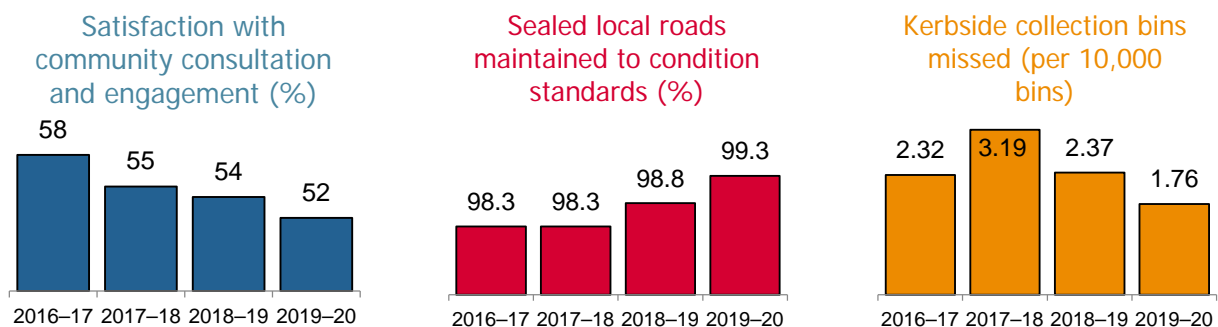
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	6.3 (13%)	2.8 (6%)	2.5 (6%)	2.5 (5%)
Business and economic services	7.1 (14%)	7.0 (15%)	5.4 (12%)	6.6 (14%)
Environment	1.8 (4%)	1.8 (4%)	1.9 (4%)	2.0 (4%)
Family and community services	3.6 (7%)	3.3 (7%)	3.3 (7%)	3.1 (6%)
Governance	4.9 (10%)	5.0 (11%)	5.3 (12%)	4.3 (9%)
Local roads and bridges	7.9 (16%)	7.1 (16%)	7.7 (17%)	7.3 (15%)
Recreation and culture	11.7 (23%)	11.5 (25%)	11.6 (25%)	11.9 (24%)
Traffic and street management	4.0 (8%)	4.2 (9%)	4.5 (10%)	4.3 (9%)
Waste management	2.5 (5%)	2.9 (6%)	3.3 (7%)	3.6 (7%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	3.2 (7%)
Total	49.8	45.5	45.5	48.6

Which service areas have experienced the biggest changes in spending?



Source: Victorian Local Government Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

Has there been a change in service quality and community satisfaction?



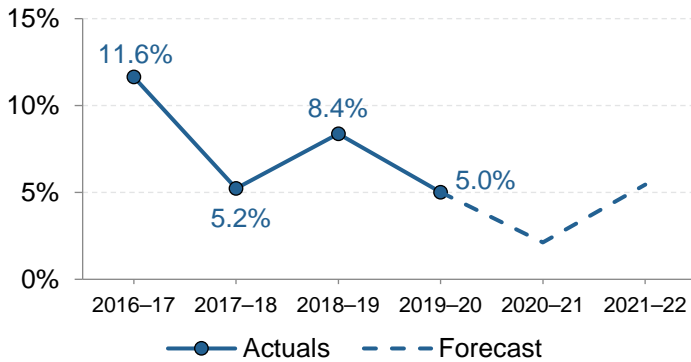
Financial position



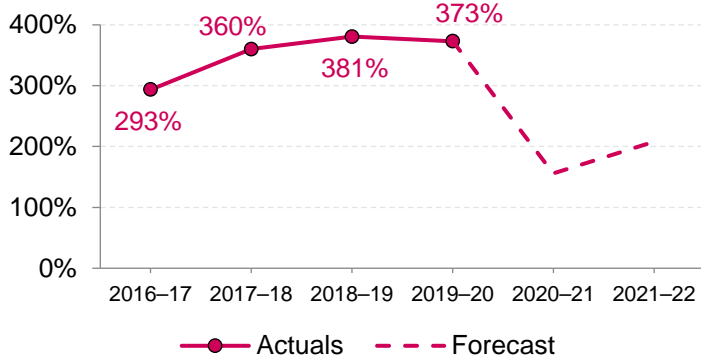
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Is council operating sustainably?

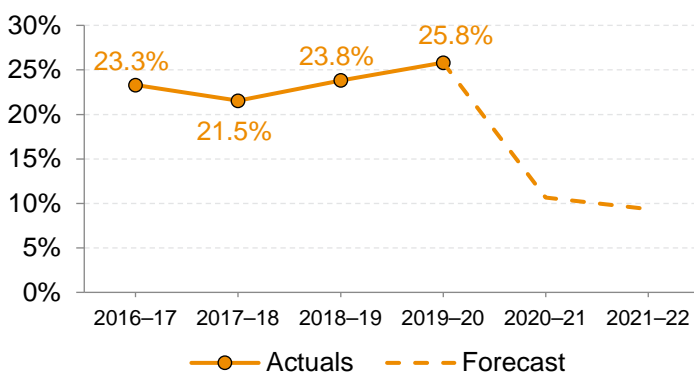
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2016–17 and 2019–20, Swan Hill Rural City Council reported an average **adjusted underlying result** of 7.6 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. Variations over the period reflect the timing of receipt of grants.

Council could meet its current financial obligations with a reported average **working capital ratio** of 352 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 23.6 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor-General's low risk category for this indicator, which means there is no concern over council's ability to repay debt from the revenue it controls.

Note: Some of the year-on-year changes in these financial indicators may be due to the advance payment of Commonwealth grants (particularly in 2016–17) and changes to accounting standards or the impact of coronavirus (in 2019–20). See the reader's guide for more information.